BRITISH COLUMBIA
The Best Place on Earth

BCStats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 09-27 July 10, 2009

- **Jobless rate reaches 8.1% in June**
- **Exports fall 5.7% in May**
- **Room revenues drop 4.4% in March**

Labour Force

- **British Columbia's unemployment rate shot up to 8.1% in June as a result of job losses (-0.2%) and labour force expansion (+0.4%).** Employment in BC shrank by 4,100 jobs in June, putting the brakes on employment growth after back-to-back gains in April and May. The service sector trimmed its workforce by 4,000 jobs (-0.2%), accounting for almost all job losses in the province in June. Gains were made in information, culture & recreation (+8.3%), finance, insurance & real estate (+2.2%) and health care & social assistance (+0.9%). However, these were not enough to offset cuts in management & administration (-7.1%), public administration (-5.3%) and transportation & warehousing (-4.1%). Job losses continued to plague the forestry, fishing & mining (-3.4%) and manufacturing (-1.8%) sectors, but offsetting gains made in agriculture (+7.5%) and construction (+0.8%) left employment in the goods sector virtually unchanged. *Data Source: Statistics Canada*

- **North Coast/Nechako (-10.4%; *three-month moving average*), Cariboo (-9.9%) and Thompson/Okanagan (-7.8%) posted the largest job losses.** Kootenay, which had a near record low unemployment rate of 2.5% in June 2008, saw its jobless rate climb to 8.7%. Vancouver Island/Coast has registered deeper employment cuts in each of the past three months, shedding 3.1% of its workers. For the time being, however, Vancouver Island/Coast has the lowest unemployment rate in the province at 6.6%, a position recently held by Northeast which saw employment drop another 5.9%. Continued job losses in Mainland/Southwest have pushed the region's unemployment rate to 7.3%.

Data Source: Statistics Canada

The Economy

- **The value of British Columbia's exports fell for the third consecutive month, dropping 5.7% to $2.0 billion in May.** Although declines were widespread, exports of energy (-12.4%) products were particularly weak, commensurate with the overall drop in global demand, particularly from overseas markets. Indeed, US-bound shipments of energy products rose (+7.0%) for the first time since October. Overall, overseas exports from BC were 13.6% weaker than the previous month while the value of goods destined for the United States edged 1.8% higher.

  Nationally, exports fell 6.9% to $28.4 billion in May. Reduced demand for automotive and petroleum products were major contributors to the decline. *Data Source: Statistics Canada and BC Stats*

- **Room revenues in BC fell (-4.4%, *seasonally adjusted*) in March, continuing a downward trend that began four months earlier.** Most regions of the province faced similar decreases, including North Coast (-5.8%), Thompson/Okanagan (-4.8%), Mainland/Southwest (-4.4%), Cariboo (-3.7%) and Northeast (-2.4%). Worst hit by the decline was Vancouver Island/Coast (-6.5%). Kootenay (+1.5%) and Nechako (+5.7%) bucked the downward trend in room revenues, as both regions posted moderate to

Report

British Columbia's Trade Balance Tipped in Favour of Imports

Did you know...

Among British Columbians, Terry Fox (91%) and Céline Dion (88%) are the most easily recognizable Canadians, beating out Sir John A. Macdonald (50%) and Michaëlle Jean (42%).

Data Source: Ipsos Canada

strong increases in room revenues.

Data Source: BC Stats

- **The value of building permits issued by British Columbia municipalities, an early indicator of future building activity, rose 26.4% (*seasonally adjusted*) in May.** Most of the increase came as a result of a substantial rise in non-residential (commercial, industrial and institutional) permits issued (+69.8%). Permits issued in each of BC's major metropolitan areas rose, most notably in Kelowna where values more than doubled (+131.0%) compared to the previous month. Victoria (+58.4%) and Vancouver (+42.1%) saw a significant increase in permits while Abbotsford-Mission posted a smaller gain (+14.9%). Nationally, the value of building permits issued was up 14.8%. *Data Source: Statistics Canada*

- **Between January and May, the total value of building permits issued was just under $2.4 billion (*unadjusted*), roughly half (-51.5%) the value of permits issued during the same period a year earlier.** Accounting for most of the decline, residential permits slumped by nearly two-thirds (-64.4%) with every region posting substantial declines ranging from a 12.3% decrease in Northeast to a 69.3% drop in Thompson/Okanagan.

Data Source: Statistics Canada & BC Stats

- **The total number of housing starts in British Columbia jumped 21.1% (*seasonally adjusted*) in June.** Nationally, housing starts were up nearly one-tenth (+8.0%) with increased starts in Western Canada providing most of the increase. *Data Source: CMHC*

First Quarter in Review

- **Room revenues fell 4.9% (*seasonally adjusted*) during the first quarter of 2009.** This drop in room revenues marks a fourth consecutive quarterly decline with every region of the province posting lower revenues during the quarter. Northeast (-12.5%) and Nechako (-10.0%) saw the largest drops, with receipts in both regions plunging lower at double-digit levels. Currently in the midst of a long downward trend, revenues once again fell in Vancouver Island/Coast (-4.6%). After posting a strong increase in the previous quarter, revenues in North Coast (-4.7%) slid lower during the quarter. Kootenay (-7.2%), Cariboo (-5.6%) and Mainland/Southwest (-4.5%) also recorded significantly reduced revenues.

Data Source: BC Stats

Labour Market Transitions

- **Although the sequence of events that form the transition from high school to post-secondary education to work is the same for both men and women; the timing is quite different.** Between 2000, when those sampled were 18-20 years old, and 2008, when they were 26 to 28 years old, male participation in post-secondary studies rose from 50% to 77%. The participation rate for women, however, was much higher, increasing from 59% to 85% with a higher proportion of women taking part in post-secondary studies during each of the intervening years as well. In terms of educational attainment, by 2008, a high school diploma was the most common credential among men (33%) while women were most likely to have completed a college diploma program (25%).

  While a higher proportion of women participated in post-secondary education throughout the eight-year period, the opposite was true with respect to obtaining employment. Between 2000 and 2008, employment among men increased from 35% to 80%. Women, on the other hand, were slower to transition from school to work with employment increasing from 31% to 72%. A possible explanation is a choice to remain out of the workforce while parenting. Nearly four fifths (78%) of women with a high school diploma chose not to work while rearing children and even among those with university degrees, almost half (44%) did not work. *Data Source: Statistics Canada*

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For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

Contact: Dan Schrier
250 387-0376
originally published in
Exports Issue 09-03

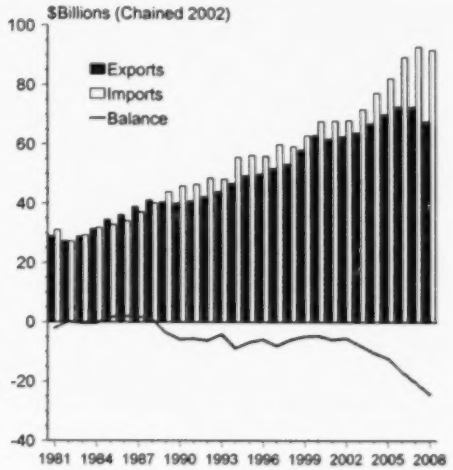
British Columbia's Trade Balance Tipped in Favour of Imports

British Columbia's economy is tied significantly to trade, both within and outside of Canada. While trade between countries gets most of the attention, in a country like Canada it is also important to examine trade between provinces. In 2008, British Columbia exported $25.7 billion worth of goods and services to other provinces within Canada.[1] This was valued at just over half as much as the $41.9 billion of goods and services that BC exported to international destinations.

The figures for imports were even higher, with $57.5 billion in goods and services imported from other countries and a further $35.3 billion imported from the rest of Canada. British Columbia's combined trade deficit in 2008 stood at $24.2 billion—in other words, the province imported $24.2 billion worth of goods and services more than it exported. This is the largest trade deficit British Columbia has ever had.

The last time BC had a trade surplus was 20 years ago, in 1988. Over the next 15 years, the deficit was fairly stable at between about $4 billion and $8 billion; however, over the last five years, the deficit has ballooned, tripling from 2003 to 2008. International trade in goods is the component driving most of this rise in the trade deficit. As recently as 2000, BC had a surplus in trade in goods with other countries, but by 2008, the province had a merchandise trade deficit with other countries of $17.6 billion.

British Columbia's overall balance of trade in goods and services has tipped further into deficit in the last five years



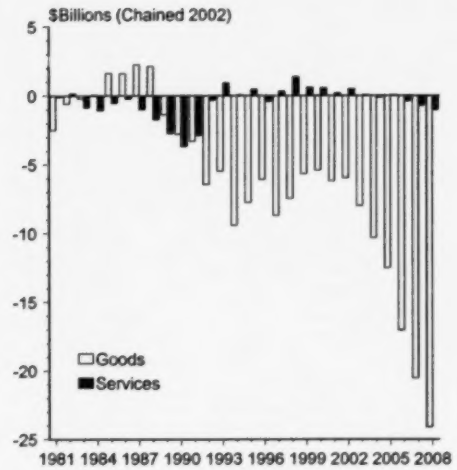
Source: Statistics Canada

A substantial growth in imports from other countries was the main contributor to the increase in the trade deficit, as international exports have remained fairly flat over the last decade. The rise in the value of the Canadian dollar over the 2003 to 2008 period may have contributed to the growth in merchandise imports, while at the same time constraining exports. This is because the higher domestic currency makes imports cheaper to buy, but makes exports more expensive for foreign purchasers.

Overall, when interprovincial and international trade are combined, it is trade in goods that tends to drive BC's trade deficits. In fact, while BC also has a deficit in trade in services with the rest of the country, it usually has a surplus in trade in services with other countries.

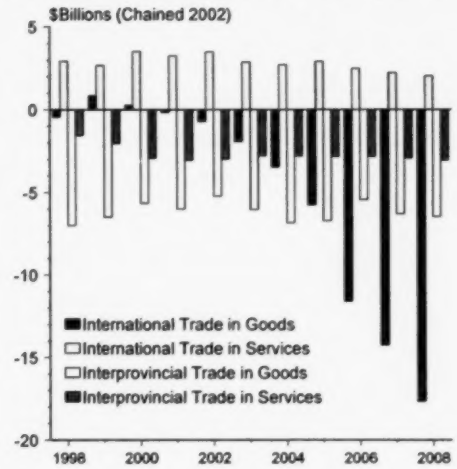
[1] Note that all dollar figures quoted in this report are in chained 2002 dollars. The data are on a balance of payments basis and are derived from the National Accounts produced by Statistics Canada.

British Columbia's trade deficits are driven by trade in goods for the most part



Source: Statistics Canada

With the exception of trade in services to other countries, BC's trade balance is usually in deficit

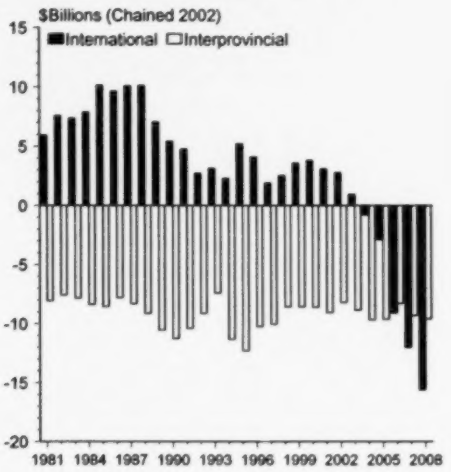


Source: Statistics Canada

It is British Columbia's location on the West Coast that is the main reason for the province's surplus in trade in services with the rest of the world. A large portion of BC's service exports derives from the transportation, storage and handling of goods. A significant amount of the merchandise trade with countries of the Pacific Rim is moved through British Columbia, via its ports, railways, highways or airports. This includes imports destined for BC and other provinces, as well as exports from BC and the rest of Canada.

BC has had a deficit in trade with other provinces for at least the last three decades and for the most part it has been fairly consistent, ranging between $8 billion and $10 billion, with a few exceptions when it strayed either a bit higher or a bit lower. However, the international trade deficit is a reasonably new phenomenon, occurring only in the last five years. Prior to 2004, British Columbia recorded an international trade surplus in every year since at least 1981.

British Columbia's trade balance with other provinces has always been in deficit, but the trade deficit with the rest of the world is a more recent phenomenon



Source: Statistics Canada

The turnaround occurred despite the fact that BC's trade in services to other countries has maintained a solid surplus for the last 15 years. In fact, prior to 1993, BC had a deficit in international trade in services, yet still managed to record an overall surplus in trade in goods and services with other countries. The change from surplus to defi-

cit occurred because international exports of goods did not keep up with the growth in merchandise imports. Over the last ten years, international goods imports grew at an average annual rate of 5.5%, compared to only 1.2% for exports.

International goods imports have grown much faster than exports over the last couple of decades

Source: Statistics Canada

On the whole, BC trades far more with other countries than it does with the rest of Canada. In 2008, two-way trade in goods and services with other countries was valued at $99.4 billion, compared to only $61.0 billion in two-way trade with the rest of Canada. The gap is even larger if only trade in goods is considered, as commodity export and import trade with the rest of the world totalled $81.4 billion, compared to $27.9 billion in trade with the other provinces within Canada. However, two-way trade in services with the rest of Canada was almost double that of service trade with the rest of the world, at $33.3 billion versus $18.1 billion.

The reason for the lack of trade in goods with other provinces is likely due to product mix available within Canada. Most provinces have strong resource sectors and many produce goods similar to those that BC has to offer, so the demand for those goods is far stronger from other countries than from other provinces. BC's substantial trade deficit with the rest of Canada can largely be attributed to trade with Ontario and Quebec. Both provinces have large, diversified manufacturing sectors that offer goods not produced in BC, so there are significant imports from those provinces to British Columbia. Ontario is also a major service centre with the head offices of a number of large corporations (including the federal government) located there and BC has a sizeable deficit in trade in services with that province as well.

In 2005, the last year for which a breakdown of trade by province is available, BC had a total goods and services trade deficit with Ontario, Quebec, Alberta and Manitoba and surpluses with all other provinces and territories. The deficit with Ontario was almost three times the aggregate absolute value (that is, the sum of all deficits/surpluses without regard to sign) of BC's trade balances with the rest of the provinces.

It is possible that BC's trade with other provinces will grow to become a larger part of the province's overall trade, particularly if agreements such as the Trade, Investment and Labour Mobility Agreement (TILMA) between BC and Alberta, which formally came into effect on April 1, 2009, do what the signatories hope it will do. However, the best prospects for trade growth are probably in trade with other countries. If British Columbia is to see its trade deficit reduced, it will likely need to boost international sales of goods and services produced within the province.

Infoline

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BC at a glance . . .

POPULATION (thousands)	Apr 1/2009	% change on one year ago
BC	4,435.3	1.7
Canada	33,592.7	1.2
GDP and INCOME (Revised Apr 27)		
(BC - at market prices)	2008	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	199,214	3.5
GDP *($ 2002 millions)*	164,161	-0.3
GDP *($ 2002 per Capita) (reflects revised pop)*	37,466	-1.9
Personal Disposable Income *($ 2002 per Capita)*	26,110	3.3
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Apr	2,681	-2.1
Merchandise Exports - Apr	2,111	-4.5
Retail Sales - Apr	4,350	1.3
CONSUMER PRICE INDEX	% change on one year ago	12-month avg % change
(all items - May 2009)		
BC	0.1	1.9
Vancouver	0.1	2.1
Victoria	0.3	1.8
Canada	0.1	1.9
LABOUR FORCE (thousands)	Jun '09	% change on prev. month
(seasonally adjusted)		
Labour Force - BC	2,454	0.4
Employed - BC	2,255	-0.2
Unemployed - BC	199	7.8
		May '09
Unemployment Rate - BC *(percent)*	8.1	7.6
Unemployment Rate - Canada *(percent)*	8.6	8.4
INTEREST RATES (percent)	Jul 8/2009	Jul 9/2008
Prime Business Rate	2.25	4.75
Conventional Mortgages - 1 year	3.75	6.95
- 5 year	5.85	7.15
US-CANADA EXCHANGE RATE	Jul 8/2009	Jul 9/2008
(avg. noon spot rate) Cdn $ per US $	1.1655	1.0108
(closing rate) US $ per Cdn $	0.8565	0.9890
AVERAGE WEEKLY WAGE RATE	Jun '09	% change on one year ago
(industrial aggregate - dollars)		
BC	793.27	1.3
Canada	801.21	2.5

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Labour Market Outcomes of Young British Columbians

The youth of today represent British Columbia's labour market future. Looking at how they engage in the labour market today provides a window to show how they will participate as adults. Labour Market Outcomes of Young British Columbians: Evidence from the 2006 Census provides a snapshot of young British Columbians (ages 15-29) that links their characteristics, such as education levels, fields of study, and gender, to their labour market outcomes.

www.bcstats.gov.bc.ca/data/lss/lmi/lmoyoung.pdf

Statistical Profiles of Aboriginal Peoples

These profiles provide comparisons of the socio-economic conditions of the Aboriginal populations as well as profiles of Aboriginal groups such as First Nations, Métis, and Status Indians using data available from the 2006 Census. These profiles provide a range of data with particular focus on education and labour market issues.

www.bcstats.gov.bc.ca/data/cen01/abor/ap_main.asp

Socio-Economic Profiles

Revisions for 2008 now available. The profiles consist of charts and tables for the 26 Regional Districts, 86 Local Health Areas, 16 Health Service Delivery Areas, 5 Health Authorities, 8 Development Regions, and 15 College Regions within the Province of British Columbia. Also included are the special geographies of the Georgia, Fraser, and Columbia Basins.

www.bcstats.gov.bc.ca/data/sep/choose.asp

Released this week by BC Stats

- Quarterly Regional Statistics, 1st Quarter 2009
- Labour Force Statistics, June 2009
- Earnings & Employment Trends, June 2009
- Exports, May 2009

Next week

- Tourism Sector Monitor, June 2009
- Consumer Price Index, June 2009

BC Stats, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: 250-387-0327 Fax: 250-387-0380 Web: www.bcstats.gov.bc.ca E-mail: BC.Stats@gov.bc.ca